



2019 OPERATING AND CAPITAL BUDGET PROPOSAL

FINANCE & ADMINISTRATION COMMITTEE
SEWERAGE & WATER BOARD OF NEW ORLEANS
DECEMBER 3, 2018
GHASSAN KORBAN, EXECUTIVE DIRECTOR
YVETTE DOWNS, CHIEF FINANCIAL OFFICER

Mission/Vision

Our Mission

We serve the people of New Orleans and improve their quality of life by providing safe drinking water; removing waste for safe return to the environment; and draining storm water to protect our community. Our team of experts do this reliably, continuously, and at a reasonable cost.

Our Vision

Our vision is to earn and hold the trust and confidence of our customers and community for reliable and sustainable water services; and to be a model utility in the water industry.



2019 Priorities

- Customer Service Excellence
 - Reduce backlog of field service requests
 - Eliminate backlog of transfer accounts
 - Improve accuracy of meter reads
 - Diligently fill vacancies (right people to deliver the right service)
- Operational Reliability
 - Reliable drainage operations & transparency
 - Delivery of safe drinking water
- Financial Sustainability
 - Adherence to bond covenants
 - Replenishment of O&M reserves
 - Recovery of delinquent account payments
 - Identification of capital revenue opportunities (grants, bonds, other borrowing opportunities)
- Long-Range Strategic Planning
 - SWBNO Master Plan
 - Long-range revenue requirements
 - Capital and operational improvements



2019 Budget Proposals

	2019 Proposed as of 11/7/2018	2019 Revised as of 12/3/2018	Change
<u>Operating Funds</u>			
Water System Fund	\$106,333,772	\$102,515,606	(\$3,818,166)
Sewer System Fund	120,336,452	117,865,343	(\$2,471,109)
Drainage System Fund	83,466,519	80,978,575	(\$2,487,844)
Debt Service Payment	38,501,157	38,501,157	\$0
Total Operating	\$348,637,900	\$339,860,681	(\$8,777,221)
<u>Capital Funds (expenditures)</u>			
Water Revenue	\$74,602,071	\$48,129,240	\$(26,472,831)
Sewer Revenue	27,086,882	55,357,381	28,270,499
Drainage Revenue	4,830,000	32,282,354	27,452,354
Combo	18,080,000	34,896,755	16,816,755
Total Capital	\$124,538,953	\$170,665,730	\$46,126,777

* Debt service required but not originally included in budget

Adjustments From November Proposal *(Operating)*

Adjustments to the Operating Budget proposal can be attributed primarily to the following reductions:

- High Pressure Gas (\$4.5 million)
- Motor Fuels and Vehicle Repairs (\$1 million)
- Chemicals (\$0.675 million Polyelectrolyte, Highest Hypochlorite, Iron Sulfate)
- Motor Fuels (\$1.18 million)
- Dues and Subscriptions (\$0.8 million)
- Other Professional Services (\$0.25 million)

Adjustments From November Proposal (capital)

Programs:		2019 Proposed Expenditure (as of 11/7/18)	2019 Revised Proposal (as of 12/3/18)	Change
Funded:				
	JIRR-FEMA	\$32,602,071	\$ 24,031,828	\$ (8,570,243)
	HMGP	9,600,000	25,944,398	\$ 16,344,398
	FEMA	3,250,000	4,024,538	\$ 774,538
	SELA	20,000,000	-	\$ (20,000,000)
	Subtotal	65,452,071	54,000,764	\$ (11,451,307)
Proposed:				
	Consent Decree	27,086,882	38,832,659	11,745,777
	JIRR (non-FEMA) Draingage	22,000,000	9,387,755	(12,612,245)
	JIRR (non-FEMA) Water	-	17,719,284	17,719,284
	SELA	-	11,000,000	11,000,000
	Other	10,000,000	10,000,000	-
	Ongoing Projects	-	29,725,268	29,725,268
	Subtotal	59,086,882	116,664,966	57,578,084
	TOTALS	\$ 124,538,953	\$ 170,665,730	\$ 46,126,777



2019 Operating Revenue Projections

Water Sales	\$102,615,607
Sewer Sales	125,591,928
Drainage Receipts	60,354,046
Other Operating Revenues	1,095,948
Other non-operating Revenues	6,304,625
TOTAL	\$295,962,154

Non-operating revenues includes salary/overhead grant reimbursements



2019 Projected Capital Sources

	Water	Sewer	Drainage	Total
Total need	\$60,667,242	\$62,696,774	\$47,301,714	\$ 170,665,730
FEMA	31,578,060	11,082,424	11,340,280	\$ 54,000,764
Corp Of Engineers			8,250,000	8,250,000
Drainage Bonds (planned)			40,000,000	40,000,000
Existing Water Bonds	10,000,000			10,000,000
Safe Drinking Water Loan (EPA)	26,000,000			26,000,000
Clean Water Loan (EPA)		25,000,000		25,000,000
SWB (TBD)		26,614,350		26,614,350



2019 PROPOSED EXPENDITURES

	2018 Amendment Budget	2019 Recommended Budget	Change	% Change
Personnel Services	\$ 100,056,157	\$ 103,012,562	\$ 2,956,405	2.95
Services and Utilities	\$ 65,175,993	\$ 65,327,722	\$ 151,729	0.23
Materials and Supplies	\$ 44,858,671	\$ 55,122,504	\$ 10,263,833	22.88
Special Current Charges	\$ 6,191,626	\$ 6,824,502	\$ 632,876	10.22
Furniture and Equipment	\$ 1,062,035	\$ 1,205,233	\$ 143,198	13.48
TOTALS	\$ 217,344,482	\$ 231,492,523	\$ 14,148,041	6.51
Depreciation	\$ 59,867,000	59,867,000		
OPEB Liability	\$ 10,000,000	\$ 10,000,000		
Debt Service	\$ 38,501,157	\$ 38,501,157		
	<u>\$ 325,712,639</u>	<u>339,860,680</u>		

Major drivers of changes:

- Personnel related increases
- Utility increases anticipated for gas and power due to increased working capacity
- Environmental remediation
- Technology software maintenance increases
- Increased water chemical costs
- Increased paving and point repair costs



2019 Position Adjustments

Authorized Positions by Department (as of 11/30/18)	2018	2019	Variance
	Positions Authorized	Positions Recommended	
Administration	35	31	4
<i>HR</i>	22	21	1
<i>Benefits/Employee Relations</i>	12	10	2
Chief Financial Officer	371	365	6
<i>Customer Service/Revenue</i>	289	281	8
<i>Information Systems</i>	5	5	0
<i>Planning & Budget</i>	8	8	0
<i>Project Delivery Unit</i>	28	31	-3
<i>Finance</i>	37	36	1
Communications	13	8	5
Deputy General Supt./Construction	102	96	6
Continuous Improvement	0	0	0
Executive Director	11	16	-5
<i>Board Relations</i>	5	5	0
Logistics	221	169	52
General Supt./Operations	915	851	64
<i>*Operations</i>	388	359	29
<i>Facility Maintenance</i>	161	114	47
<i>Networks</i>	343	354	-11
<i>Plumbing</i>	20	20	0
Security	28	28	0
Special Counsel/Legal	19	15	4
Total	1715	1579	136
*Drainage Pumping/Water Pumping/Purification/Sewerage Treatment			



2019-2028 PROJECTED CAPITAL NEEDS

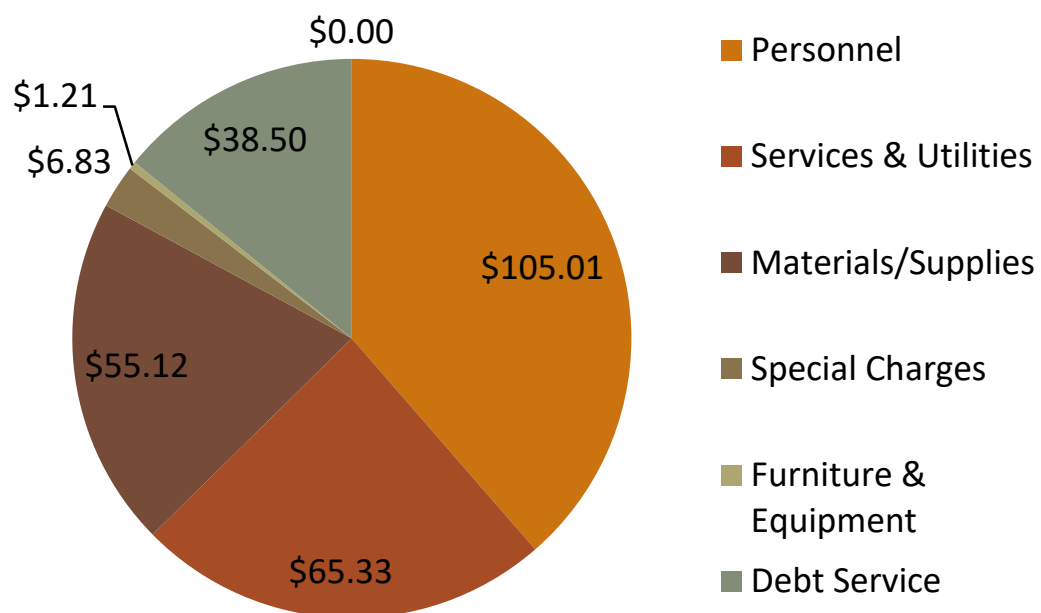
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	10 Year Total
COMBO	\$131,734,028	\$91,072,700	\$129,104,700	\$85,261,550	\$56,354,400	\$47,623,250	\$44,395,500	\$36,605,750	\$55,709,500	\$37,857,500	\$715,718,878
DRAINAGE	\$55,030,000	\$85,210,000	\$74,465,000	\$92,320,000	\$103,720,000	\$96,780,000	\$98,230,000	\$100,787,805	\$96,311,685	\$117,045,000	\$919,899,490
SEWERAGE	\$206,594,355	\$112,004,135	\$63,389,380	\$64,374,364	\$54,640,270	\$51,481,738	\$44,754,172	\$36,363,000	\$18,389,000	\$23,157,000	\$675,147,414
WATER	\$189,275,000	\$116,137,000	\$109,835,000	\$46,675,000	\$43,985,000	\$30,985,000	\$26,985,000	\$42,635,000	\$104,335,000	\$11,600,000	\$722,447,000
TOTALS	\$582,633,383	\$404,423,835	\$376,794,080	\$288,630,914	\$258,699,670	\$226,869,988	\$214,364,672	\$216,391,555	\$274,745,185	\$189,659,500	\$3,033,212,782

University and Water Board of State of Utah Expenditure Budget by Category				
Year	2017	2018	2019	2020

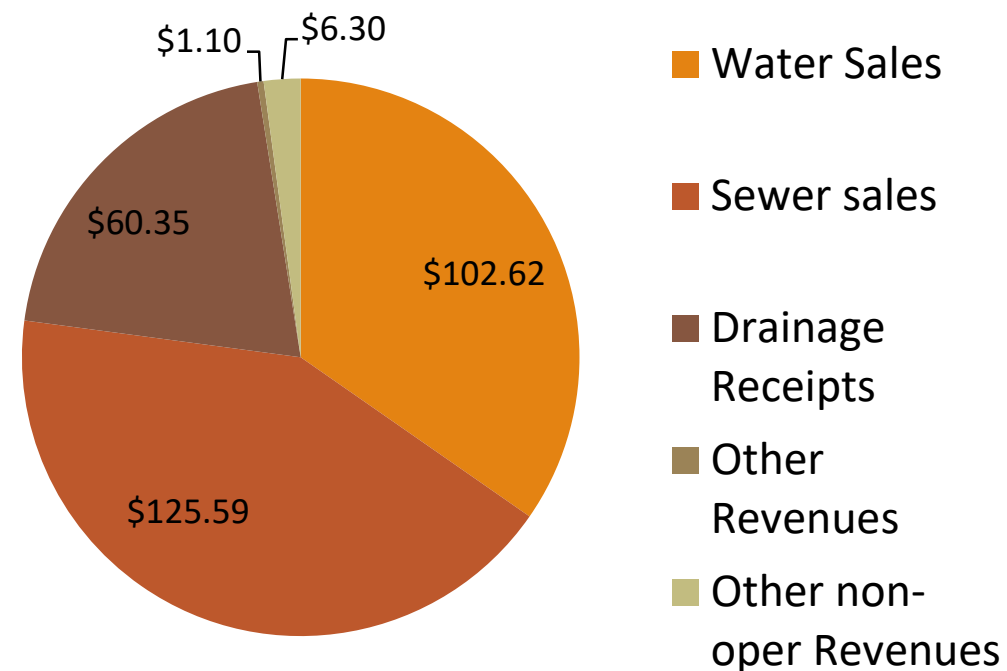


2019 Proposed Operating Budget

**2019 Proposed Operating Uses
(\$270 M)**



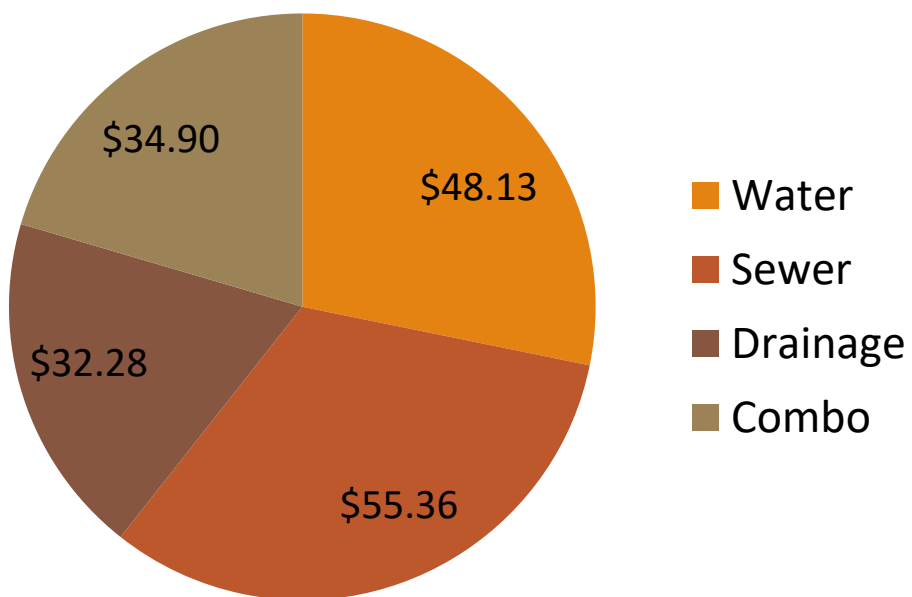
**2019 Proposed Operating Sources
(\$296 M)**



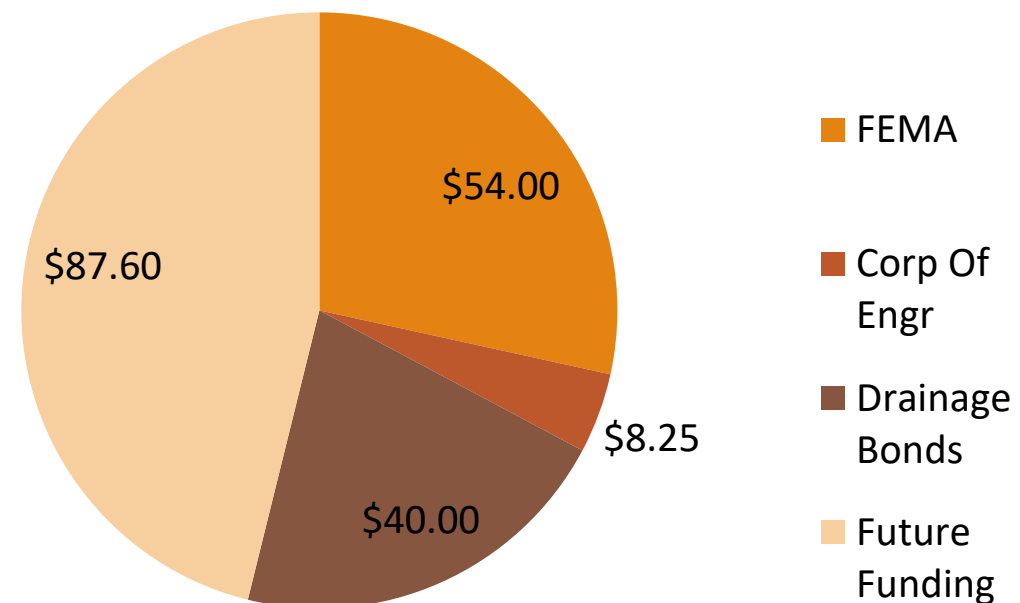


2019 Proposed Capital Budget

2019 Capital Uses
(\$170.7 M)



2019 Capital Sources
(\$185 M)



Debt Service Coverage Achieved

Debt Service Coverage	Water	Sewer	
Net Operating Income	\$ 667,042	\$ 8,255,493	
Other Non-Operating Revenues	\$ 2,605,999	\$ 2,774,086	
Depreciation and Allowances	\$ 15,957,000	\$ 22,360,000	
Post Retirement Medical Expenses	\$ 3,333,333	\$ 3,333,333	
Cash Available for Debt Service	\$ 22,563,374	\$ 36,722,912	
Debt Service (Principal and Interest)	\$ 13,333,550	\$ 23,139,057	
Debt Service Coverage Times	1.69	1.59	



2019 Budget Proposals

	2019 Revised as of 12/3/2018
<u>Operating Funds</u>	
Water System Fund	\$102,515,606
Sewer System Fund	117,865,343
Drainage System Fund	80,978,575
Debt Service Payment	38,501,157
*Total Operating	\$339,860,681
<u>Capital Funds (expenditures)</u>	
Water Revenue	\$48,129,240
Sewer Revenue	55,357,381
Drainage Revenue	32,282,354
Combo	34,896,755
Total Capital	\$170,665,730

* Includes non-cash items. Debt service required but not originally included in budget. Total O&M is only \$270 million with debt service